

TRAILHEAD INTERNATIONAL BUILDERS, INC.

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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TARBELL & CO, PLC

A CERTIFIED PUBLIC ACCOUNTING FIRM

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Trailhead International Builders, Inc.
Waukee, Iowa

We have reviewed the accompanying financial statements of Trailhead International Builders, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2024, and the related statement of revenues, expenses, and change in net assets – modified cash basis, statement of functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Trailhead International Builders, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

TARBELL & CO., P.L.C.
A Certified Public Accounting Firm
West Des Moines, IA
September 8, 2025

Trailhead International Builders, Inc.
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
Year Ended December 31, 2024

	<u>2024</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 828,620
Total current assets	\$ 828,620
Other assets	
Investments	\$ 225,778
Total other assets	\$ 225,778
Total assets	\$ 1,054,398
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 13,353
Payroll and related liabilities	8,663
Total current liabilities	\$ 22,016
Long-term liabilities	
Total liabilities	\$ -
Net Assets	
Without restrictions	\$ 1,032,382
With restrictions	-
Total net assets	\$ 1,032,382
Total liabilities and net assets	\$ 1,054,398

See Independent Accountants' Review Report and Notes to Financial Statements

Trailhead International Builders, Inc.
Statement of Revenues, Expenses, and Change In Net Assets - Modified Cash Basis
Year Ended December 31, 2024

	2024
Support and revenues	
Project revenue	\$ 3,350,301
Investment income	41,829
	\$ 3,392,130
 Expenses	
Program expenses	\$ 3,313,274
General and administration	52,794
Fundraising	18,625
	\$ 3,384,693
 Change in net assets	 \$ 7,437
 Net assets	
Beginning of year	\$ 1,024,945
End of year	\$ 1,032,382

See Independent Accountants' Review Report and Notes to Financial Statements

Trailhead International Builders, Inc.
Statement of Functional Expenses - Modified cash basis
Year Ended December 31, 2024

	Program Services	General and Administration	Fundraising	Total
Project expenditures	\$ 2,799,726	\$ -	\$ -	\$ 2,799,726
Salaries	273,967	38,678	9,669	322,314
Payroll Taxes	4,544	642	160	5,346
Employee benefits	7,720	1,090	273	9,083
Future City Now	69,000	-	-	69,000
International travel	34,511	-	-	34,511
Sponsorships	36,077	-	-	36,077
Advertising	1,003	142	35	1,180
Bank charges	1,481	209	53	1,743
Domestic travel	11,187	1,579	395	13,161
Donation fees	6,818	963	241	8,022
Fundraising expense	-	-	5,426	5,426
Insurance	2,001	282	71	2,354
Merchandise	8,229	1,162	290	9,681
Meals, entertainment, gifts	2,608	368	92	3,068
Office expense	394	55	14	463
Postage	1,461	206	52	1,719
Printing	3,502	494	124	4,120
Professional Fees	31,924	4,507	1,126	37,557
Telephone	2,321	328	82	2,731
Website, email, office software	14,800	2,089	522	17,411
	<u>\$ 3,313,274</u>	<u>\$ 52,794</u>	<u>\$ 18,625</u>	<u>\$ 3,384,693</u>
Percent of total	<u>98%</u>	<u>1%</u>	<u>1%</u>	<u>100%</u>

See Independent Accountants' Review Report and Notes to Financial Statements

TRAILHEAD INTERNATIONAL BUILDERS, INC.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Trailhead International Builders, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to the modified cash basis of accounting and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Organization is a Christian-based non-profit organization with a passion for raising funds to build churches and community centers in developing nations and for sharing the message and love of Jesus Christ.

Basis of Accounting

The Organization's policy is to prepare its financial statements on a modified cash basis. Under this basis, revenues are recognized when collected rather than when earned, and certain expenses and purchases of assets are recognized when obligations are paid rather than when incurred. Financial statements prepared on this basis of accounting are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

Classification of Net Assets

Net assets consist of the following:

Net assets without restrictions represent resources used in carrying on the general operations of the Organization and are given with no time or purpose restriction placed upon them by the donor. They also include net assets that, when given, have a time or purpose restriction that expires in the current period.

Net assets with restrictions consist of net assets that have a time or purpose restriction placed on them by the donor at the time of the gift. They also may include net assets donated or paid with the donor's or program payer's stipulation that they be invested to provide a permanent source of income. When a restriction expires, net assets with restrictions are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and change in net assets – modified cash basis as net assets released from restrictions.

See Independent Accountants' Review Report

TRAILHEAD INTERNATIONAL BUILDERS, INC.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. Fair market value approximates carrying amounts. Cash is comprised of the following as of December 31:

	<u>2024</u>
Cash in checking	\$ 477,129
Money market	<u>351,491</u>
Total cash and cash equivalents	<u>\$ 828,620</u>

Assets held at Community Foundation

Assets held at the Community Foundation of Greater Des Moines are carried at fair value, with gains and losses resulting from market fluctuations recognized in the period in which the fluctuations occur. Investment income is reported as an increase or decrease in net assets without donor restrictions, unless the use of the assets is restricted by the donor and the restrictions have not been met in the reporting period in which the income was recognized.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization has deposits in cash and securities of deposit at Community State Bank. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000 per financial institution. As of December 31, 2024, the Organization has not experienced any loss in its cash and investment accounts other than from normal market fluctuations.

Income Tax Status

The Organization is a nonprofit, charitable organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Organization's federal Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2024, 2023, and 2022, open by statute, are subject to examination by the tax authorities. The Organization has not been notified of any impending examinations by tax authorities, and no examinations are in process.

See Independent Accountants' Review Report

TRAILHEAD INTERNATIONAL BUILDERS, INC.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Organization’s allocation of expenses to the various functional classifications are based on time estimates, direct actual use, or usage of the related asset involved. Accordingly, certain costs have been allocated to the programs or other services benefited.

NOTE 2 – INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization holds all its investment assets at the Community Foundation of Greater Des Moines. The investment assets are held in a fund known as Trailhead International Endowment. The fund is professionally managed by the Community Foundation of Greater Des Moines. The Organization’s interest in these assets is recorded at the fair value, or quoted market value, of the securities. The Organization may request these assets or the net investment income of these assets at any time from the Community Foundation of Greater Des Moines. The Community Foundation of Greater Des Moines does not have the power to redirect the assets or the net investment income to any entity other than Trailhead International Builders, Inc. The investment assets held by the Community Foundation consist of pooled funds that are diversified among money market funds, fixed income securities, domestic, international, and private equities, real estate investment trusts, and hedge funds. Trailhead International Builders, Inc. does not directly own the underlying investments, but rather an interest in the pooled investments.

Income from the assets held by the Community Foundation has been included in investment income in the statement of revenues, expenses, and change in net assets- modified cash basis. Income from these investments is comprised of :

	2024
Interest and dividends	\$ 4,171
Realized gains	7,936
Unrealized gain (loss)	9,182
Investment fees	(1,007)
Investment income	<u>\$ 20,282</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization reports its investment assets held at the Community Foundation of Greater Des Moines at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. Trailhead International Builders, Inc. has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. These levels are as follows:

Level 1 Valuation is based on quoted prices for identical instruments traded in active markets.

See Independent Accountants’ Review Report

TRAILHEAD INTERNATIONAL BUILDERS, INC.

Notes to Financial Statements

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Level 2 Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include option pricing models, discounted cash flow modes and similar techniques. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from investees.

Investment assets held at the Community Foundation of Greater Des Moines consist of pooled funds. The Organization holds a share of the pooled funds and does not maintain direct ownership of the underlying investments. Although the pooled funds include equity, fixed income, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled funds at the statement of financial position date based on its relative ownership investment in the pool.

All funds held at the Community Foundation of Greater Des Moines are considered Level 3 investments since there is not a direct ownership of the underlying investments. However, the underlying investments in the pooled funds consist of investments that may have been measured using Level 1, Level 2, and Level 3 inputs.

The following table provides a summary of changes in fair value of the Level 3 investments for the year ended December 31:

	2024
Balance, beginning	\$ 55,496
Gifts to Fund	150,000
Interest and dividends	4,171
Realized gains	7,936
Unrealized gain (loss)	9,182
Investment expenses	(1,007)
Balance, ending	<u>\$ 225,778</u>

NOTE 4 – RELATED-PARTY TRANSACTIONS

The Organization receives substantially all of its contributions from the general public. Contributions received from board members of the Organization totaled \$763,898 for the year ended December 31, 2024.

See Independent Accountants' Review Report

TRAILHEAD INTERNATIONAL BUILDERS, INC.

Notes to Financial Statements

NOTE 5 – RELATED-PARTY TRANSACTIONS

The Organization had three donors who accounted for 63% of project revenue as of December 31, 2024.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of December 31, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>December 31, 2024</u>
Financial assets, at year-end	\$ <u>1,054,398</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,054,398</u>

The Organization is substantially supported by contributions from individuals and organizations. The financial assets of the Organization are comprised of cash, money market funds, and investments. Certain financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, the board of directors has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through September 8, 2025, the date the financial statements were available to be issued.

See Independent Accountants’ Review Report